



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) adopted a proposal to implement the Single-Counterparty Credit Limits reporting form (FR 2590; OMB No. 7100-NEW). The first data collection will occur as of the end of the first quarter of 2020 for respondents that are U.S. and foreign global systemically important bank holding companies (G-SIBs), and as of the end of the third quarter of 2020 for all other respondents.

FOR FURTHER INFORMATION CONTACT:

Federal Reserve Board Clearance Officer—Nuha Elmaghrabi—Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, or by telephone to (202) 452-3829.

Office of Management and Budget (OMB) Desk Officer—Shagufta Ahmed—Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

A copy of the Paperwork Reduction Act (PRA) OMB submission, including the reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files. These documents also are available on the Federal Reserve Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above.

SUPPLEMENTARY INFORMATION: On June 15, 1984, OMB delegated to the Board authority under the PRA to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the PRA Submission, supporting statements, and approved collection of information instrument(s) are placed into OMB's public docket files.

Final Approval under OMB Delegated Authority of the Implementation of the Following Information Collection:

Report title: Single-Counterparty Credit Limits.

Agency form number: FR 2590.

OMB control number: 7100-NEW.

Effective Date: The first data collection will occur as of the end of the first quarter of 2020 for respondents that are U.S. and foreign G-SIBs, and as of the end of the third quarter of 2020 for all other respondents.

Frequency: Quarterly, annual, and event-generated.

Respondents: U.S. bank holding companies (BHCs) and savings and loan holding companies (SLHCs) that are subject to Category I, II, or III standards; foreign banking organizations (FBOs) that are subject to Category II or III standards or that have \$250 billion or more in total global consolidated assets; and U.S. intermediate holding companies (IHCs) that are subject to Category II or III standards.

Estimated number of respondents: 75.

Estimated average hours per response:

Reporting

One-time implementation: 1,273 hours.

Ongoing: 254 hours.

Requests for temporary relief: 10 hours.

Recordkeeping

Recordkeeping: 0.25 hours.

Estimated annual burden hours:

Reporting

One-time implementation: 95,475 hours.

Ongoing: 76,200 hours.

Requests for temporary relief: 30 hours.

Recordkeeping

Recordkeeping: 75 hours.

General description of report: The FR 2590 is being implemented in connection with the Board's single-counterparty credit limits rule (SCCL rule),¹ which has been codified in the Board's Regulation YY - Enhanced Prudential Standards (12 CFR part 252).²

The information collected by the Single-Counterparty Credit Limits reporting form (FR 2590 report) will allow the Board to monitor a covered company's or a covered foreign entity's compliance with the SCCL rule. As amended by the Board's final

¹ 83 FR 38460 (Aug. 6, 2018).

² See 12 CFR 252, subparts H and Q. The Board's SCCL rule was amended by the Board's recent rule establishing risk-based categories for determining prudential standards for large U.S. banking organizations and foreign banking organizations. 84 FR 59032 (Nov. 1, 2019).

tailoring rule, a covered company is any U.S. bank holding company (BHC) or savings and loan holding company (SLHC) that is subject to Category I, II, or III standards.³ A covered foreign entity is any foreign banking organization (FBO) that is subject to Categories II or III standards or that has total global consolidated assets that equal or exceed \$250 billion and any U.S. intermediate holding company (IHC) that is subject to Category II or III standards.⁴ In addition to the reporting form, the FR 2590 information collection incorporates notice requirements pertaining to requests that may be made by a covered company or covered foreign entity to request temporary relief from specific requirements of the SCCL rule. A respondent must retain one exact copy of each completed FR 2590 in electronic form, and these records must be kept for at least three years.

Legal authorization and confidentiality: The FR 2590 is authorized pursuant to section 5(c) of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. 1844(c)) for BHCs and section 10(b) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)) for SLHCs. With respect to FBOs and their subsidiary IHCs, the FR 2590 is authorized pursuant to section 5(c) of the BHC Act, in conjunction with section 8 of the International Banking Act of 1978 (12 U.S.C. 3106). The FR 2590 is mandatory.

The data collected on the FR 2590 report will be kept confidential under exemption 4 of the Freedom of Information Act (FOIA), which protects from disclosure trade secrets and commercial or financial information (5 U.S.C. 552(b)(4)), and exemption 8 of FOIA, which protects from disclosure information related to the supervision or examination of a regulated financial institution (5 U.S.C. 552(b)(8)).

³ 12 CFR 252.70, 252.170; see also 84 FR 59032 (Nov. 1, 2019).

⁴ Id.

Regarding notices associated with requests for temporary relief from specific requirements of the SCCL rule, a firm may request confidential treatment under the Board's rules regarding confidential treatment of information at 12 CFR 261.15. The Board will consider whether such information may be kept confidential in accordance with exemption 4 of FOIA (5 U.S.C. 552(b)(4)) or any other applicable FOIA exemption. *Current actions:* On August 6, 2018, the Board published a notice in the *Federal Register* (83 FR 38303) requesting public comment for 60 days on the implementation of the FR 2590. The comment period for this notice expired on October 5, 2018. The Board received two comment letters in response to the proposal to implement FR 2590.

Commenters generally requested that the required number of reported counterparties be lowered to only the top 20 counterparties plus certain other counterparties to whom exposure is more than 10 percent of the firm's tier 1 capital or capital stock and surplus, as applicable, and that proposed data fields beyond those required to monitor compliance with the SCCL rule (including those seeking data on exposures to counterparties that are excluded or exempt under the SCCL rule) be removed. The Board continues to believe it is appropriate to require a firm to report its top 50 counterparties, as that would provide the Board with greater ability to monitor a wider network of counterparty relationships and potential channels of contagion, consistent with the SCCL rule. Further, requiring a firm to report its top 50 counterparties will enhance a substantial supervisory interest in identifying where similar risks occur in different forms across a firm's balance sheet, which, for instance, may influence the future design of different stress testing counterparty default scenarios. The Board also believes it is appropriate to require firms to report exposures to excluded or exempt

counterparties in order to help ensure that firms properly calculate their exposures for purposes of the SCCL rule. The Board notes that the Basel Committee on Banking Supervision's large exposure standard (BCBS Large Exposure Standard) includes certain reporting requirements related to excluded and exempt entities. Therefore, the Board has not made any changes to the FR 2590 in response to these comments.

Commenters also sought clarification on the process by which FBOs could comply with the SCCL rule's requirements with respect to their combined U.S. operations by certifying that they meet limits established by home country supervision frameworks consistent with the BCBS Large Exposure Standard, as well as the reporting requirements associated with such certification. The reporting form includes a checkbox that FBOs can use to indicate that they meet the requirements of a home country supervisory regime consistent with the BCBS Large Exposure Standard. Further, the preamble to the SCCL rule clarifies that submission of the FR 2590 report with this box checked generally will be sufficient to meet the reporting requirements of the SCCL rule with respect to the single-counterparty credit limits that apply to an FBO's combined U.S. operations. However, an FBO may be required to provide additional information or reporting concerning its counterparty credit exposures upon written request by the Board.

Commenters further requested that the Board permit the executive officer responsible for oversight of compliance or for preparation of the reporting form, rather than the Chief Financial Officer, to sign the FR 2590 report and that firms be permitted to maintain an electronic rather than a hard copy of the form for their records. In addition, commenters requested certain technical corrections and clarifications to the form's fields (e.g., headers, titles) and instructions. In response to these comments, the FR 2590 report

permits the executive officer responsible for SCCL compliance or the Chief Financial Officer (or an individual performing this equivalent function) to sign the form certifying compliance, electronic submission of the form, and the maintenance of electronic, rather than hard copy, forms.

In addition to comments on the proposed form, commenters also requested changes to the SCCL rule. One commenter requested that the Board delay implementation of the SCCL rule until the Board finalizes its proposals to tailor enhanced prudential standards applicable to U.S. BHCs, savings and loan holding companies, and FBOs with operations in the United States. Commenters further requested that the Board permit the U.S. IHCs of FBOs to value certain credit exposures for purposes of the SCCL rule using models approved by the FBOs' home country supervisors. The Board has determined that these comments, which relate to the content of the SCCL rule itself, are outside of the scope of the Board's Paperwork Reduction Act review of the FR 2590.⁵ The Board notes also that it finalized its rule to tailor enhanced prudential standards to those entities on October 10, 2019.⁶ Commenters also requested that the Board permit an FBO to comply with the SCCL rule, with respect to its combined U.S. operations, through certification concerning its home country supervision framework prior to effectiveness of the home country supervision framework, so long as the home country supervisor is working towards a framework consistent with the BCBS Large Exposure Standard or, in the alternative, to extend the initial compliance dates for FBOs to comply with the SCCL applicable to their U.S. operations. The Board has proposed separately to

⁵ A similar comment concerning the use of models approved by foreign supervisors was received and discussed in connection with the Board's finalization of the SCCL rule. 83 FR 38460, 38490 (Aug. 6, 2018).

⁶ 84 FR 59032 (Nov. 1, 2019).

amend the SCCL rule to extend the initial compliance dates for FBOs to comply with the SCCL applicable to their U.S. operations published elsewhere in this issue of the *Federal Register*. Therefore, no changes to the FR 2590 report have been made in response to this comment at this time.

Board of Governors of the Federal Reserve System, November 8, 2019.

Ann Misback,
Secretary of the Board.

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